

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

(In ordering full text of Releases from Publications Unit, cite number)



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## WELLINGTON ELECTRONICS FILES FOR OFFERING

Wellington Electronics, Inc., Englewood, N. J., filed a registration statement (File 2-15076) with the SEC seeking registration of 240,000 shares of common stock. The stock is to be offered for public sale at \$6 per share, with a \$1 per share commission to the underwriter, Charles Plohn & Co., plus \$37,500 for expenses. The underwriter has agreed to sell and pay for all the shares offered if any are sold. If less than all the shares offered are subscribed for, the offering will be withdrawn and funds returned to subscribers. The underwriter also has purchased 60,000 shares from the sole stockholder of the company for \$60.

The company is engaged in the development of machines capable of manufacturing various types of capacitors, in the manufacture and sale of such machines, and in the equipping of factories with such machines. It intends to use the net proceeds of its stock sale as follows: \$110,000 to pay off a bank note; \$375,000 to complete the automation of the etched foil production plant at Englewood N. J.; \$250,000 for manufacture of machines to be leased to capacitor manufacturers; and \$400,280 for working capital.

The prospectus lists Cary L. Wellington as president. Wellington Electronics, Inc., a Delaware corporation, owns 300,000 shares (83%) of the outstanding stock (not including 60,000 sold to the underwriter). Cary L. Wellington and Philip Rothman, officers and organizers of the issuer, are all officers, directors and controlling stockholders of the Delaware corporation.

## DUKE POWER PROPOSES PREFERRED STOCK OFFERING

Duke Power Company, 422 South Church St., Charlotte, N. Car., filed a registration statement (File 2-15077) with the SEC on May 6, 1959, seeking registration of 250,000 shares of \$100 par Preferred Stock, to be offered for public sale at competitive bidding.

Net proceeds will be applied and used by the company for the purpose of financing in part the cost of its continuing construction program (including reimbursement of the company's treasury for expenditures in connection with such program and the payment of short-term borrowings therefor). The company estimates its 1959 construction program at \$66,423,000.

## TELECTRO INDUSTRIES PROPOSES OFFERING

Telectro Industries Corp, 35-16 37th St., Long Island City, N. Y., filed a registration statement (File 2-15078) with the SEC on May 6, 1959, seeking registration of 200,000 shares of common stock. The stock is to be offered for public sale at \$3 per share through an underwriting group headed by Milton D. Blauner & Co., Inc., which will receive a commission of 42¢ per share.

The company is primarily engaged in the development and manufacture and sale of magnetic tape recorders for instrumentation and audio applications, as well as other electronic equipment for both Government and commercial application. Of the net proceeds of this financing \$50,000 will be expended for additional machinery and equipment and \$129,288 will be used to retire outstanding balances of \$129,288 to a bank and to a commercial credit company. The balance will be added to working capital and will be used for general corporate purposes.

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For further details, call ST. 3-7600, ext. 5526

The prospectus lists Harry Sussman as president and Stanley Rosenberg as secretary-treasurer. Each owned 200,000 common shares on April 30, 1959, or a total of 400,000 shares, all the shares then outstanding. These 400,000 shares do not include 20,000 shares sold to Milton D. Blauner, the controlling stockholder of the underwriter, and 6,500 sold to Milton D. Goldman and Jerome Drar counsel to the company, by Messrs. Sussman and Rosenberg, in equal amounts, at a price of 25¢ per share.

#### TELEFLEX FILES FOR OFFERING AND SECONDARY

Teleflex Limited, 461 King St., W., Toronto, Canada, filed a registration statement (File 2-15079) with the SEC on May 6, 1959, seeking registration of 75,000 shares of stock. Of the 75,000 shares, 25,000 shares are outstanding and are being purchased by the underwriters from Teleflex Products Ltd.; and 50,000 shares are being purchased by the underwriters from the company on original issue. The shares are to be offered for public sale by the underwriters, headed by Drexel & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company, through three U. S. subsidiaries, is primarily engaged in the design, manufacture and sale of mechanical remote controls, control mechanisms and linkages for use in aircraft, jet engines, automotive equipment, agricultural equipment, guided missiles, nuclear reactors, marine craft, air conditioning and other equipment. It acts as sales agent in Canada for products manufactured by the subsidiaries and also markets a small quantity of window operating mechanisms purchased from Teleflex Products, of Basildon, England. Net proceeds to the company from its sale of the 50,000 shares will be expended during 1959 and 1960 for additional equipment and the remainder will be retained as working capital.

The company has outstanding 247,795 shares (in addition to \$340,725 of notes). Teleflex Products owns 48,859 shares, or 19.7%. Cameron Chisholm, board chairman of each of the three subsidiaries, owns 44,350 shares; R. Christopher Dobson, president of the issuer, 29,440; and Mills & Co., of Philadelphia, 35,640.

#### PINSKER & CO. HEARING SCHEDULED

The Securities and Exchange Commission has scheduled for hearing on May 20, 1959, in its New York Regional Office, the proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of N. Pinsker & Co., Inc., 156 North Franklin St., Hempstead, New York.

The proceedings were authorized by Commission order of April 9, 1959 (Release 34-5930). The order charged violations of the registration and anti-fraud provisions of the Securities Act of 1933 in the offer and sale of Class B stock of Tyrex Drug and Chemical Corporation.

#### VANDERSEE SENTENCED

The New York Regional Office announced May 4, 1959, that following their conviction by Federal Court jury in Newark, N. J., of fraud in the sale of Vandersee Corporation stock, the court imposed a \$500 fine upon the corporation for each of eleven counts in the indictment, and sentenced Arnold E. Vandersee to a term of five years and imposed a \$5,000 fine. (See Lit. Release 1437)

#### SALE OF GENERAL ASSOCIATES STOCK ENJOINED

The SEC Seattle Regional Office announced May 4, 1959 (Lit. Release 1438) that J. Alvin Hibbard and four other individuals have been permanently enjoined (USDC, Seattle) from violations of registration and anti-fraud provisions of the Securities Act in the offer and sale of General Associates, Inc., securities. Defendants consented to the injunction.

#### JERSEY CENTRAL P & L STOCK SALE PROPOSED

Jersey Central Power & Light Company, Denville, N. J., has joined with its parent, General Public Utilities Corporation, in the filing of a proposal with the SEC for the issuance and sale of additional stock by the subsidiary to the parent; and the Commission has issued an order (Rel. 35-13999) giving interested persons until May 21, 1959, to request a hearing thereon. Under the proposal, Jersey Central will issue and sell to GPU during the balance of 1959, not to exceed

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600,000 additional shares of its common stock at \$10 per share. Of the proceeds \$1,400,000 will be used to reimburse the subsidiary's treasury for construction expenditures prior to January 1, 1959; \$1,000,000 to prepay bank notes issued subsequent to December 31, 1958, for construction purposes; and the balance for post-1958 construction expenditures or to reimburse the company's treasury for expenditures for that purpose.

#### OHIO POWER POLE SALE APPROVED

The SEC has issued an order (Release 35-14000) authorizing Ohio Power Company, Canton, to sell certain jointly-used poles to The Ohio Bell Telephone Company. Ohio Bell will pay \$467,375 for 12,243 poles located in its Southwest Exchange area; and \$235,132 for 6,085 poles located in its Northeast Exchange Area. The two companies have made joint use of poles owned by them for many years. Ohio Power owns considerably more of these poles than does Ohio Bell, and the purpose of the pole sale is to effect approximate equalization of investment in jointly-used poles and in the fees which each pays the other for the privilege of joint use.

#### GOB SHOPS STOCK OFFERING PERMANENTLY SUSPENDED

The Securities and Exchange Commission today announced the issuance of a decision (Release 34-4075) permanently suspending a Regulation A exemption from Securities Act registration with respect to a proposed stock offering by Gob Shops of America, Inc., of Providence, R. I., because of false and misleading statements in its offering circular, including failure to disclose that the market in the stock had been manipulated by the underwriter, and failure to disclose sales of unregistered stock by company officials.

Gob Shops is engaged in retailing sporting goods, camping equipment, men's and boys' work and play clothing, and similar items. It filed a notification with the Commission on January 21, 1957, proposing the public offering of 240,000 common shares "at the market," estimated at \$1.25 per share, but not to exceed \$300,000. The proposed offering consisted of 86,118 shares to be acquired by the underwriter (Bruns, Nordeman & Co. of New York) from Gob Shops pursuant to warrants at about \$1 per share; 128,882 shares to be sold on behalf of Ernest Nathan, president and board chairman of Gob Shops, and Theodore T. Schoenfeld, then vice president; and 25,000 shares to be sold on behalf of four partners of the underwriter. The Regulation A exemption was suspended by the Commission on July 25, 1957; and thereafter a hearing was held on the question whether said suspension should be vacated or made permanent and/or whether to grant the company's request for withdrawal of the notification, filed May 22, 1957.

The Commission ruled that the underwriter, in anticipation of the proposed stock offering, had dominated and manipulated the market for Gob Shops stock beginning on September 18, 1956, when it first increased its bid in the daily quotation sheets. Of the 82 trading days during the period from September 18 to January 16, 1957, when it left the sheets, the underwriter entered bids on 80 days, at progressively higher prices. On 51 days, its bid was the highest and on 23 days it was equal to the highest bid. Altogether, the underwriter raised its bid 9 times and lowered it twice shortly after the stock sold ex-dividend. The underwriter's bids rose from 5/8 to 1-3/16 during the period September 18 to December 14, 1956, supported by its purchases at or near the bid prices, which elevated the prices at which shares were sold during that period, and the price so increased was maintained until shortly before the notification was filed by continued bids of 1-3/16. The insertion of increasingly higher bids in the sheets, the Commission observed, is the most universally employed device to create a false appearance of activity in the over-the-counter market, and tends to support the price at its inflated level. "In our opinion," the Commission stated, "the record establishes that [the underwriter's] bids in the sheets and its trading activities were designed to stimulate buyer interest and thereby create market activity which would induce the purchase of Gob Shops stock by others at rising prices . . ."

Stimulation of the market in Gob Shops stock, the Commission stated, also resulted from the declaration of a stock dividend by the company two days after the underwriter began increasing its bids, and from the use of selling literature which contained false and misleading statements, both being "integral parts of the manipulative activity" by the underwriter to raise the price of the stock. According to the Commission's decision, the dividend was induced by the underwriter's two designees on the board of Gob Shops despite losses in the preceding year and disappointing operations in the current year, and a lack of sufficient earned surplus against which to charge the dividend; and the Commission noted that "the declaration of a dividend not warranted by the business condition of an issuer contemplating a public financing is 'characteristic of a manipulative scheme.'"

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Furthermore, Gob Shops' financial picture was "distorted" by the sales figures used in the selling literature.

Accordingly, the Commission ruled that the underwriter, "in anticipation of a proposed offering of Gob stock in which it would have a direct financial interest both as underwriter and by virtue of the warrants and stock held by it and its partners, engaged in activities which resulted in its domination of the market in Gob stock and inflated and maintained the market price of the stock at artificially high levels," and that no disclosure thereof was made in the offering circular.

Moreover, the Commission ruled that the offering circular contained false and misleading statements in its reference to the purchase "for investment" of 48,000 shares of Gob Shops stock by Nathan and four partners in the underwriter from another official of the issuer at 64¢ per share; in its failure to disclose that such purchase was made only a month before, which would have been of interest to prospective purchasers to whom the stock was to be offered at a represented market price of about 1¼; and its failure to disclose stock sales by the two partners of the underwriter, who were also Gob Shops directors, in November and December 1956, at prices well below the estimated market price in the offering circular.

In view of the serious nature of the deficiencies found and the public interest in outstanding stock of Gob Shops, the Commission concluded that it would not be appropriate to grant the company's request for withdrawal of its financing proposal.

#### BOWSER FILES EMPLOYEE PLAN

Bowser, Inc., 33 North LaSalle St., Chicago, today filed a registration statement (File 2-15080) with the SEC seeking registration of 750 participations in its Employee Thrift Plan, together with 15,000 shares of common stock which may be acquired pursuant thereto.

#### BURNDY CORP. FILES EMPLOYEE PLAN

Burndy Corporation, Norwalk, Conn., today filed a registration statement (File 2-15081) with the SEC seeking registration of \$1,450,000 of participations in its Employees' Stock Purchase Plan, together with an unspecified number of shares of its common stock which may be acquired pursuant thereto.

#### UNITED ILLUMINATING PROPOSES RIGHTS OFFERING

The United Illuminating Company, 80 Temple St., New Haven, Conn., today filed a registration statement (File 2-15082) with the SEC seeking registration of 350,501 shares of common stock. The company proposes to offer this stock for subscription at \$26.50 per share by holders of its outstanding common stock on the basis of one new share for each eight shares held of record May 26, 1959. No underwriting is involved. Dealers will be paid 25¢ per share for stock subscriptions solicited by them.

Net proceeds of the stock sale will be used to finance in part the company's 1959-61 construction program, including the payment of current bank loans of \$1,600,000 incurred in connection with this program. The company's 1959-61 construction program will amount to approximately \$50,000,000.

#### ADDITIONAL SHARES REGISTERED BY INVESTMENT FUND

Insurance Securities, Incorporated, Oakland, Calif., investment company, filed an amendment on May 5, 1959, to its registration statement (File 2-11021) seeking registration of 27,380 units, \$1,000 each, of Single Payment Plans, Series U, and 18,850 units, \$1,200 each, of Accumulative Plans, Series E.